



Attn: Trading and Market Making / Legal and Compliance / Operations / Systems
UNIFORM PRACTICE ADVISORY (UPC # 078-2003) May 2, 2003

Metromedia International Group, Inc. - 10 ½ % Sr. Disc Notes due Sept. 30, 2007

On October 27, 1999, \$210,631,000 principal amount of the above discount notes were distributed through the book-entry facilities of DTC. DTC credited participants at the accreted stated principal amount at maturity not the actual original issue discount amount of \$163,084,182. The notes did not accrue interest in cash until March 30, 2002.

Members are advised that transactions in the notes during the accretion period ending March 30, 2002, may have included an "accretion factor" in addition to the executed principal amount in the transaction. This resulted in an adjustment to the contract amount. **For example:** Purchase of 500 \$1000 face amount of notes at a price of 49.75% of the face value was calculated as $500,000 \times .4975 = \$248,750 \times 1.29155$ (accretion factor) = \$321,272.54. Therefore, a buyer paid for additional principal at the time of execution ($645,775 \times .4975 = \$321,273.06$).

Since additional principal was not issued to DTC, members should investigate transactions executed prior to March 30, 2002 to determine if an accretion factor was included in the calculation.

Questions regarding this notice should be directed to: Market Integrity Department, 203.375.9609.

Dorothy L. Kennedy
Director